



Q3 2020 REPORT

MANAGEMENT DISCUSSION
AND ANALYSIS

2020

WITH US
IT'S
PERSONAL

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PRESIDENT'S REPORT THIRD QUARTER 2020

Our largest division is the Registered Plans division and its earnings year-to-date are basically the same as last year. Given what has gone on this year in Canada and around the world those numbers are very encouraging. The Registered Plans division is the leader in Canada for supporting those involved in the offering of private company (exempt market) securities. Unlike the public markets where everything has been done online for years, the vast majority of purchases of private company securities has historically been done with paper. Through Exempt Edge Inc., Olympia purchased a proprietary back-office computer system from one of Canada's most successful Exempt Market Dealers in 2016 and has further developed this system into a cloud-based offering for others. It currently has about 75 exempt market participants on the system including some of Canada's largest Exempt Market Dealers and Issuers. The system allows for the exchange of documents and information as well as digital execution of documents by registered dealing representatives, Exempt Market Dealer administrative staff, Exempt Market Issuers and investors. This month we added another major component to the system allowing for direct communication with our trust company. Now a dealing representative can meet with a customer, open an account with Olympia, transfer funds, and purchase an exempt market security all online...no paper. This is a first for the industry. When it comes to signing up new clients, the exempt market can now operate very similar to traditional markets. This is a major accomplishment and further establishes Olympia as the leader in the exempt market.

The third quarter saw Olympia Benefits regaining much of the ground it lost in the second quarter. Customers are now again seeing their dentists, optometrists, physiotherapists, chiropractors and other health professionals and are again processing their claims through our system.

Our Corporate and Shareholder Services division continues to grow, as it added several new corporate accounts during the quarter.

Our earnings are lower than last year which is directly related to the effects of COVID-19 on our Health and Global Payments divisions. Our Currency and Global Payments Division also enjoyed unusually large profits last year due to increased transactions in both the cannabis and agriculture sectors.

The company does expect interest earnings to continue to fall in the ensuing months. We also expect that the exempt market will start to normalize as the impact of COVID-19 subsides. From a corporate perspective, our Calgary lease is coming due in February 2022 and we have begun looking at alternative office space. Olympia's employees are currently working partly from home and partly from the office with about 40 percent of our employees coming to the office as least 2 or 3 days a week. The new way of working will obviously play a role in the ultimate decision as to where our head office is.

The company's share price has fallen to around \$38. At our current monthly dividend of 23 cents the current yield of Olympia's shares is above 7%. Management does not foresee a problem in maintaining this dividend rate.

That being said, the board of directors meets regularly and has the final say on dividend policy.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the financial position and results of operations of Olympia Financial Group Inc. ("Olympia") for the period ended September 30, 2020.

This MD&A should be read in conjunction with Olympia's unaudited condensed consolidated interim financial statements ("interim financial statements") for the nine months ended September 30, 2020 and September 30, 2019, the MD&A found in Olympia's 2019 Annual Report, and the audited consolidated financial statements and related notes for the years ended December 31, 2019 and 2018. These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of the interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting." The audited consolidated annual financial statements for the year ended December 31, 2019, were prepared in accordance with IFRS as issued by the IASB.

Amounts are presented in Canadian dollars, Olympia's functional currency. All references to \$ are to Canadian dollars and references to US\$ are to United States dollars.

This report, and the information provided herein, is dated as at November 13, 2020. Additional information about Olympia, including quarterly and annual reports, is available on Olympia's website at www.olympiafinancial.com and on SEDAR at www.sedar.com.

Cautionary note regarding forward-looking statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or Olympia's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek," "anticipate," "plan," "continue," "estimate," "expect," "may," "will," "project," "predict," "propose," "potential," "targeting," "intend," "could," "might," "should," "believe," and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Olympia believes that the expectations reflected in those forward-looking statements are reasonable, based on the information available on the date such statements are made and the process used to prepare the information, but no assurance can be given that these expectations will prove to be correct. Any forward-looking statements included in this MD&A should not be unduly relied upon by investors, as actual results may vary. These statements speak only as of the date of

this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

Given the changing circumstances surrounding the COVID-19 pandemic and the related response from, governments (federal, provincial and municipal), regulatory authorities, businesses and customers, there is inherently more uncertainty associated with Olympia's assumptions as compared to prior periods. These assumptions, include but are not limited to management expectations with respect to:

- general economic conditions in Canada, which includes the impact of the COVID-19 pandemic on the economy and financial markets;
- the impact of COVID-19 pandemic and other health risks on Olympia's business, operations, capital resources and/or financial results;
- fluctuations in interest rates and currency values;
- changes in monetary policy;
- changes in economic and political conditions;
- legislative and regulatory developments;
- results from legal proceedings and disputes;
- the level of competition in Olympia's markets;
- the occurrence of weather related and other natural catastrophes;
- changes in accounting standards and policies;
- the accuracy and completeness of information Olympia receives about customers and counterparties;
- the ability to attract and retain key personnel;
- changes in tax laws;
- technological developments;
- cyber security risks;
- costs related to operations remaining consistent with historical experiences; and
- management's ability to anticipate and manage risks associated with these factors; and

Olympia's actual results could differ materially from those anticipated in the forward-looking statements contained herein as a result of the risk factors set forth herein.

Although Olympia's management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements,

there may be other factors that cause results to not be as anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and Olympia disclaims any obligation to update any forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

Olympia's business

Olympia was formed under the *Business Corporations Act* (Alberta) and is headquartered in Calgary, Alberta. Olympia is a reporting issuer in British Columbia, Alberta, and Ontario and its common shares are listed on the Toronto Stock Exchange ("TSX"). The majority of Olympia's business is conducted through its wholly owned subsidiary Olympia Trust Company ("Olympia Trust"), a non-deposit taking trust corporation.

Olympia Trust received its letters patent on September 6, 1995, authorizing the formation of a trust corporation to be registered under the *Loan and Trust Corporations Act* (Alberta). Olympia Trust is licensed to conduct trust activities in Alberta, British Columbia, Saskatchewan, Manitoba, Québec, Newfoundland and Labrador, Prince Edward Island, New Brunswick, and Nova Scotia. The Registered Plans division, Currency and Global Payments division, and Corporate and Shareholder Services division conduct business under Olympia Trust.

The Private Health Services Plan division conducts business under Olympia Benefits Inc. ("OBI"), a wholly owned subsidiary of Olympia. Olympia Benefits Inc. was incorporated on May 4, 2006, under the *Business Corporations Act* (Alberta).

The Exempt Edge division conducts business under Exempt Edge Inc. Exempt Edge Inc. was incorporated under the *Business Corporations Act* (Alberta) on November 28, 2016. Olympia holds an 80% controlling interest in Exempt Edge Inc. and a third party holds a 20% non-controlling interest. The non-controlling interest is presented separately in the interim statements of net earnings and comprehensive income and within equity in the interim balance sheets, but separately from Olympia's equity.

COVID-19 Update

The severity, duration and outcome of the COVID-19 pandemic and its long-term impact on Olympia remain uncertain. Management continues to focus on the safety of our people, connectivity of our customer base, compliance with guidelines and requirements issued by various governmental authorities, and continuity of other critical business operation. During the third quarter of 2020, the COVID-19 pandemic and the mandated closures, social distancing, and other government sanctioned measures implemented in response to the COVID-19 pandemic had the following impacts on Olympia and its financial performance:

- The Registered Plan's division service revenue decreased 7% to \$4.44 million from \$4.78 million when compared to the three months ended September 30, 2019, due to a decrease in the number of account transactions.
- The Private Health Services division's revenue decreased 9% to \$1.69 million from \$1.87 million when compared to the three months ended September 30, 2019, due to clients submitting fewer health and dental claims. The Private Health Services division has applied for the Canada Employment Wage Subsidy and is anticipated to receive \$0.17 million as a result of the decrease in revenue experienced by the division in April, May and June of 2020 as a result of the COVID-10 Pandemic.
- Olympia's interest revenue and trust income are subject to fluctuations depending on changes in the Canadian prime rate. On July 15, 2020 the Bank of Canada left its overnight rate at 0.25% and indicated its intention to keep interest rates at these historically low levels until Canadian unemployment levels fall closer to pre-COVID 19 pandemic levels and sustained inflation returns to its 2% target. The Canadian prime rate is positively correlated with the Bank of Canada overnight rate and it is anticipated that reduction in the Bank of Canada overnight rate will result in a reduction in the Canadian Prime Rate. The Canadian prime rate was 2.45% as at September 30, 2020 compare to 3.95% on September 30, 2019. With interest rates at historical lows, Olympia interest revenue is likely to continue to decrease as term deposits mature and are renewed at lower rates.
- Cash held by financial institutions as collateral for the performance of the Currency and Global Payments division's trading platform obligations increased to \$5.30 million from \$2.50 million as at December 31, 2019. This increase is mainly due to changes in global markets arising from the COVID-19 pandemic, which required Olympia to place further funds as collateral. Olympia has primarily utilized available cash to fund the increased collateral requirements.
- The commencement of operations of Olympia's mortgage administration business has been delayed as a result of the COVID-19 pandemic. It is now anticipated that such operations will not commence until Q1 of 2021.
- Most of Olympia's staff are continuing to work from home. It is anticipated that Olympia's employees will gradually return to the office through the remainder of 2020, provided that current social-distancing and other restrictions implemented by various governmental authorities are maintained or reduced. During Q1 of 2020, all staff successfully transitioned to working from home during the COVID-19 pandemic.

Management continues to actively monitor the impacts of the COVID-19 pandemic on each of its divisions and make appropriate adjustments to operating and capital expenditures

as required. Management believes that Olympia's diverse lines of business make Olympia more resilient in these times of economic uncertainty.

Any estimate with respect to the severity, duration, long-term impact and outcome of the COVID-19 pandemic is subject to significant uncertainty. Accordingly, any estimates of the extent to which the COVID-19 pandemic may, directly or indirectly, materially and adversely affect Olympia's operations, financial results and condition in future periods are also subject to significant uncertainty.

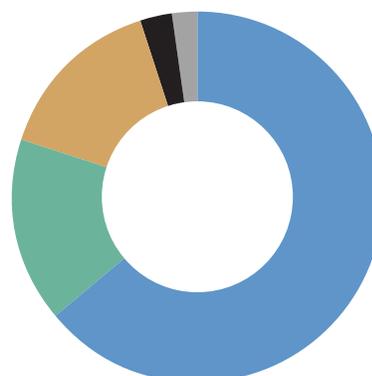
Summary of financial results

Overview and financial highlights for the three-month period ended September 30, 2020, when compared to the three month period ended September 30, 2019

- Total net earnings and comprehensive income decreased 16% to \$1.92 million from \$2.29 million, mainly due to a decrease in operating activities in the Private Health Services division as well a decrease in the number and size of forward exchange contracts sold by Olympia Trust's Currency and Global Payments division
- Total revenue decreased 6% to \$11.33 million from \$12.09 million, mainly as a result of decreases in both service revenue and interest revenue. Service revenue decreased in the Private Health Services division, Registered Plans division and Currency and Global Payments division.
- Service revenue decreased 3% to \$8.43 million from \$8.67 million, mainly due to a decrease in activity as a result of the COVID-19 pandemic. COVID-19 had the largest impact on the Private Health Services division with revenue decreasing 9% compared to the previous year.
- Other gains (net of other losses), decreased more than 45% to \$0.27 from \$0.49 million mainly due to a \$0.84 million in insurance settlement recognized during the prior year's quarter. Included in the current period is \$0.17 million relating to the Canada Emergency Wage Subsidy for the Health Services division. Olympia Trust's Currency and Global payments division recorded a \$0.09 million unrealized forward foreign exchange contract gain in the current quarter compared to the previous years' quarterly gain of \$0.04 million. This decrease is the result of a decrease in the number and size of forward exchange contracts.
- Olympia's interest revenue and trust income are subject to fluctuations depending on account balances and changes in the Canadian prime rate. Interest revenue and trust income decreased 15% to \$2.90 million from \$3.42 million, mainly due to the changes in the Canadian prime rate. The Canadian prime rate was 2.45% as at September 30, 2020 compare to 3.95% on September 30, 2019.

- Direct and administrative expenses (excluding depreciation and amortization) decreased 3% to \$8.62 million from \$8.90 million, mainly due to decreases in commission expense, salaries, bonuses and wages.
- Earnings before income tax decreased 24% to \$2.50 million from \$3.27 million.
- Income tax expense is recognized based on the estimated average annual income tax rate for the full financial year. A change in the Alberta corporate rate resulted in a rate of 24% being used for the period ended September 30, 2020. The rate used as at September 30, 2019 was 26.5%.
- Basic and diluted earnings per share attributable to shareholders of Olympia decreased 16% to \$0.81 per share from \$0.96 per share.

TOTAL REVENUE BY DIVISION (%)



| | Q3 2020 | Q3 2019 |
|----------------------------------|---------|---------|
| • Registered Plans | 64% | 66% |
| • Currency and Global Payments | 16% | 15% |
| • Private Health Services | 15% | 16% |
| • Corporate Shareholder Services | 3% | 1% |
| • Exempt Edge | 2% | 2% |
| • Other | 0% | 0% |

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a summary of Olympia's quarterly results for each of the last eight quarters. The quarterly results have been derived from financial information prepared in accordance with IFRS.

Quarterly Summary

| (\$ thousands) | Sept. 30 2020 | Jun. 30 2020 | Mar. 31 2020 | Dec. 31 2019 | Sept. 30 2019 | Jun. 30 2019 | Mar. 31 2019 | Dec. 31 2018 |
|---|------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Service revenue | 8,430 | 7,910 | 8,843 | 9,192 | 8,670 | 9,188 | 8,530* | 9,738 |
| Interest revenue and trust income | 2,898 | 3,223 | 3,465 | 3,589 | 3,424 | 3,441 | 3,048 | 2,966 |
| Expenses | (9,098) | (9,012) | (9,579) | (10,066) | (9,315) | (9,556) | (10,393) | (8,831) |
| Other gains/(losses), net | 271 | - | 193 | 85 | 489 | (74) | 2,604* | (310) |
| Earnings before income taxes | 2,501 | 2,121 | 2,922 | 2,800 | 3,268 | 2,999 | 3,789 | 3,563 |
| Earnings from continuing operations | 1,917 | 1,676 | 2,143 | 1,998 | 2,294 | 2,295 | 2,739 | 2,591 |
| Earnings/(loss) from discontinued operations | - | - | - | - | - | - | - | 30 |
| Net earnings | 1,917 | 1,676 | 2,143 | 1,998 | 2,294 | 2,295 | 2,739 | 2,621 |
| Per share attributable to shareholders of Olympia from continuing operations – basic and diluted (\$) | 0.81 | 0.71 | 0.90 | 0.85 | 0.96 | 0.97 | 1.14 | 1.09 |
| Per share attributable to discontinuing operations – basic and diluted (\$) | - | - | - | - | - | - | - | 0.01 |
| Dividends per share (\$) | 0.69 | 0.69 | 0.69 | 0.69 | 0.69 | 0.69 | 0.63 | 0.60 |

*Presentation of Q1 2019 has been adjusted for the reclassification of the insurance settlement to align with the Q3 2019 presentation.

Objectives for 2020

Management has set the following major objectives for 2020:

- Grow the Corporate and Shareholder Services division;
- Continue to invest in Olympia's online presence;
- Implement operational changes to the Currency and Global Payments division;
- Transition from cost reduction to revenue expansion in the Health Services Plan division;
- Continue to grow the Exempt Edge division; and
- Further develop the Registered Plans division's app and online platform.

Grow the Corporate and Shareholder Services division

In 2020, the Corporate and Shareholder Services division will continue to promote its transfer agent and corporate trust services across Western Canada, with specific focus on growing its market presence in Vancouver. The corporate and shareholder division will also work on the integration of its transfer agency services with the Issuer's Edge platform developed by the Exempt Edge division.

Continue to invest in Olympia's online presence

Olympia continues to enhance its online platforms to better serve its customers with performance and usability improvements. Olympia has devoted specialized resources to application development for the purpose of enhancing its online presence.

Olympia continues to invest in its cyber security initiatives to ensure the safety and security of client information and prevent malicious activity.

During the first three quarters of 2020, Olympia employees successfully transitioned to working from home in response to the COVID-19 pandemic. Olympia is gradually having its employees return to the office, but a significant portion of Olympia's employees continue to work from home. Olympia continues to enhance its capability to maintain normal operations with staff that are working from home and will provide and improve support to staff and clients as needed.

Implement operational changes to the Currency and Global Payments division

Since March 2020, the Currency and Global Payments division has seen a reduction in trade volume and client activity directly attributable to the COVID-19 pandemic, and the government sanctioned measures implemented in response. As a result, previously planned back office technology improvements have been postponed until at least Q1 of 2021.

Earlier this year, the Currency and Global Payments division launched its new website that presents a clean, professional look. The new website has been built with integrated tracking that allows the division to better assess its marketing efforts by identifying new client responses to marketing campaigns.

The Currency and Global Payments division has pushed back the offering of over-the-counter options from Q3 2020 to Q4 2020. The introduction of over-the-counter options will allow the division to better meet its clients' needs as well as stay relevant and competitive in the foreign exchange industry.

The Currency & Global Payments division continues to make operational changes to streamline the processing of client transactions and improve client experience.

Transition from cost reduction to revenue expansion in the Health Service Plan division

Olympia's Health Services Plan division has three strategic objectives for 2020 and beyond – increase sales, strengthen the customer base, and advance technology infrastructure.

Understanding the customer journey and the conversion of leads is a top priority for improving sales. A new website and an extension of current marketing endeavours is anticipated to increase lead generation.

Customer success is crucial given the division's transition to a subscription model. The division will deepen its understanding of the customer experience. A new customer model will be developed to encourage customers to not only renew their plan but purchase additional products such as the Wellness Spending Account and Telemedicine.



Staying warm at Olympia's Charitable Foundation Golf Day
MIKA DRAGOESCU

Finally, to keep pace with the competitive market, the division will place an emphasis on advancing its core technology infrastructure. The customer platform "My Olympia," database system, and mobile app will be refined to provide a sturdy and flexible foundation for future growth.

Continue to grow the Exempt Edge division

The Exempt Edge division ended the 2019 fiscal year strongly with the adoption of its Dealer's Edge platform by one of the largest exempt market dealers in Canada. In 2020, the Exempt Edge division continues to promote the adoption of its Issuer's Edge and Dealer's Edge platforms and encourages the conduct of transactions of exempt market securities via the Edgelink ecosystem. Development efforts in 2020 continue to focus on integrating the Dealer's Edge and Issuer's Edge platforms with the trust services provided by the Registered Plans division and the transfer agency services provided by the Corporate and Shareholder Services division.

Further develop the Registered Plans division's app and online platform

The Registered Plans Division has implemented Phase I of its integration with Exempt Edge's Dealer's Edge platform. Investors may now open new Olympia accounts easily and efficiently

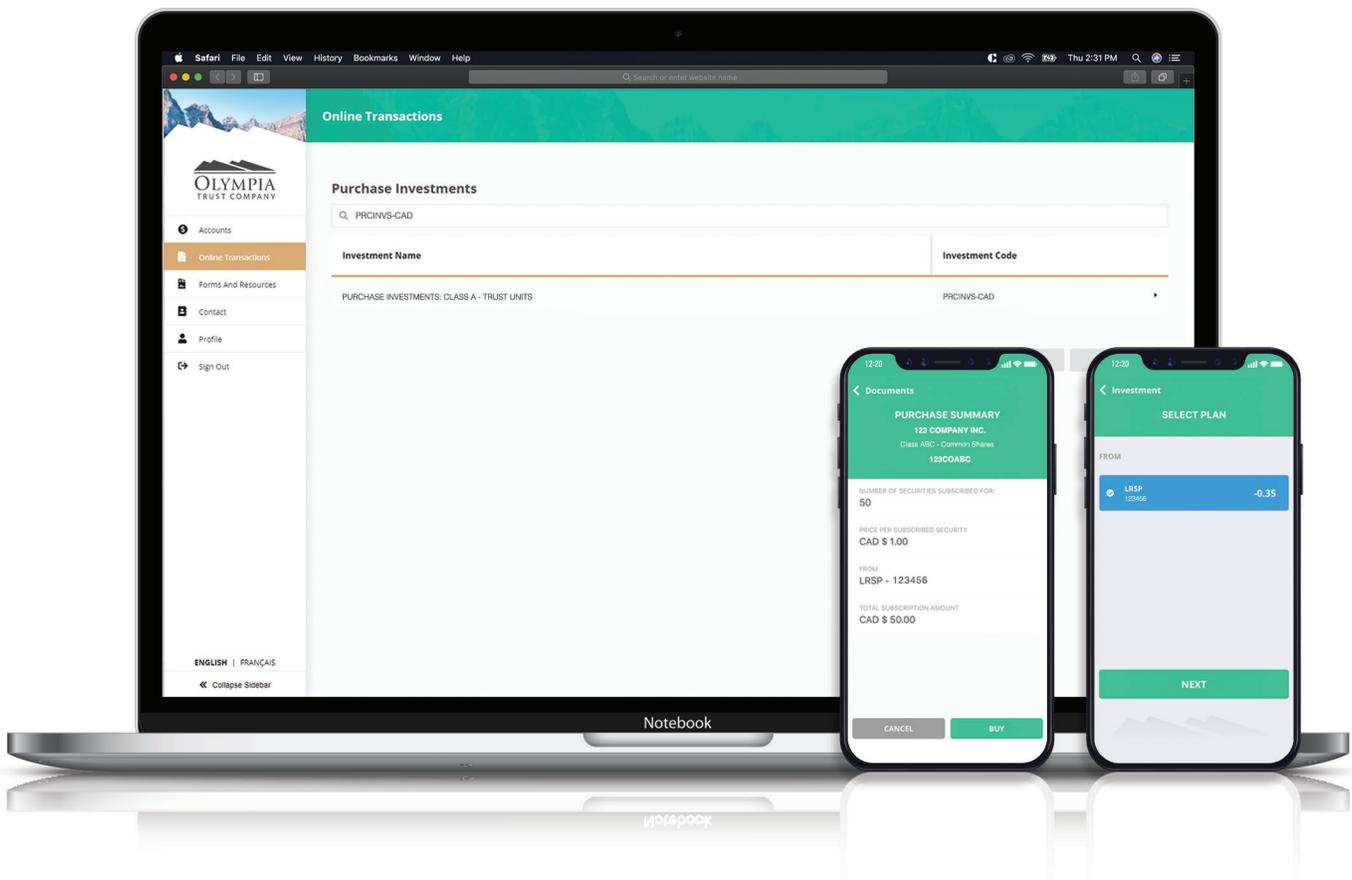
through Exempt Edge's Dealer's Edge platform. Over the next year, we plan to continue to create efficiencies for our division by continuing to integrate. The Registered Plans division will also continue to focus on increasing the usage of our app and online platform. Olympia has had great success with the "manage fees" option which allows clients to easily manage and pay their fees from their personal devices.

Outlook for 2020

Olympia continues to monitor and assess the impact of COVID-19 and the emergency measures enacted to contain the spread of the virus and mitigate its economic effects. Olympia is well diversified, with its Registered Plans, Private Health Services Plan, Currency and Global Payments, Exempt Edge, and Corporate and Shareholder Services divisions.

With Us It's... **DIGITAL**

+ PURCHASE INVESTMENTS



FINANCIAL ANALYSIS

Interim Condensed Consolidated Balance Sheets as at

| (\$) | September 30, 2020 | December 31, 2019 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash & cash equivalents | \$ 15,209,814 | \$ 13,754,089 |
| Trade & other receivables | 3,836,384 | 3,105,766 |
| Inventory | 49,428 | 56,518 |
| Prepaid expenses | 1,047,631 | 1,270,284 |
| Derivative financial instruments | 3,661,234 | 2,177,020 |
| Total current assets | 23,804,491 | 20,363,677 |
| Non-current assets | | |
| Restricted cash & investments | 5,300,000 | 2,500,000 |
| Equipment & other | 902,357 | 1,120,955 |
| Intangible assets | 2,483,319 | 2,748,214 |
| Right of use asset | 672,886 | 1,073,064 |
| Financial asset at fair value through other comprehensive income | 74,010 | 38,574 |
| Long-term lease receivable | 20,141 | 55,156 |
| Promissory note receivable | 1,268,575 | 1,400,000 |
| Derivative financial instruments | - | 1,840,389 |
| Deferred tax assets | 696,137 | 786,200 |
| Total non-current assets | 11,417,425 | 11,562,552 |
| Total assets | \$ 35,221,916 | \$ 31,926,229 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade & other payables | \$ 1,139,636 | \$ 1,456,166 |
| Deferred revenue | 3,778,111 | 486,655 |
| Other liabilities & charges | 2,283,665 | 1,732,886 |
| Revolving credit facility | 7,039,785 | 6,655,347 |
| Lease liabilities | 903,249 | 907,066 |
| Derivative financial instruments | 925,375 | 657,259 |
| Current tax liability | 101,343 | 176,795 |
| Total current liabilities | 16,171,164 | 12,072,174 |
| Lease liabilities | 366,173 | 1,038,286 |
| Derivative financial instruments | - | 887,020 |
| Total liabilities | \$ 16,537,337 | \$ 13,997,480 |
| EQUITY | | |
| Share capital | \$ 7,886,989 | \$ 7,886,989 |
| Contributed surplus | 86,373 | 86,373 |
| Retained earnings | 11,027,136 | 10,164,595 |
| Equity attributable to owners of Olympia | 19,000,498 | 18,137,957 |
| Non-controlling interests | (315,919) | (209,208) |
| Total equity | 18,684,579 | 17,928,749 |
| Total equity & liabilities | \$ 35,221,916 | \$ 31,926,229 |

Cash, cash equivalents and restricted cash and investments

Olympia continues to generate cash from its core businesses. As at September 30, 2020, cash reserves increased by 11% to \$15.21 million (December 31, 2019 – \$13.75 million). This increase is mainly the result of Olympia's operations continuing to generate positive operating cash flows and the result of Olympia's Registered Plans division receiving annual administration fees for a significant number of clients in January and throughout the year. The unearned portion of annual administration fees is recognized as deferred revenue. As compared to the nine months ended September 30, 2019, Olympia has seen a reduction in administrative costs. The 2019 cyber-attack was the primary driver of these increased costs during 2019.

Olympia utilized a large portion of its cash reserves to fund the increased collateral requirements of the Currency and Global Payments division.

Restricted cash and investments as at September 30, 2020, of \$5.30 million (December 31, 2019 – \$2.50 million), consist of cash held by financial institutions as collateral for the performance of Olympia's Currency and Global Payments division's trading platform obligations. The increase is mainly due to changes in global markets arising from the COVID-19 pandemic, which required Olympia to place further funds as collateral. Restricted cash and investments are not readily accessible for use in operations and are reported separately from cash and cash equivalents on the balance sheet. Olympia used its revolving credit facility to fund the increased collateral requirements.

Olympia's cash is placed with a Canadian financial institution where it generates interest. Cash and cash equivalents comprise 64% of the total current assets of Olympia at September 30, 2020, compared to 67% at December 31, 2019.

Trade and other receivables

Trade and other receivables are comprised largely of receivables from the Registered Plans division's clients. The increase in trade receivables is mainly due to annual administration fees charged by the Registered Plans division, which were billed on January 1, 2020.

Olympia has made allowances for doubtful accounts of \$1.01 million, compared to \$0.98 million as at December 31, 2019. Management is committed to a policy of closely monitoring risk and exposure in this area and is actively pursuing past due accounts through its internal collection process.

Included within receivables is the current portion of a lease receivable of \$0.05 million recognized based on the present value of sublet property as required by the adoption of IFRS 16.

Promissory note receivable

On June 5, 2018, Olympia announced the sale to Tarman ATM Inc. ("Tarman") of the ATM business operated by Olympia ATM Inc., as a going concern, for an amount equal to the then current net book value of all assets used in the ATM business less all assumed liabilities; an amount estimated to be \$1.4 million.

The sale of the ATM business to Tarman, a corporation owned and controlled by Rick Skauge, was a related party transaction, as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, but was exempted from Olympia obtaining disinterested shareholder approval and a formal valuation as the fair market value of the proposed transaction was less than 25% of Olympia's market capitalization.

An ad hoc committee composed solely of the independent members of Olympia's Board of Directors was constituted to consider and approve the sale of the ATM business to Tarman. As part of its deliberations, the ad hoc committee of the Board of Directors noted the continuing losses of approximately \$120,000 per month in the ATM business and acknowledged that while the ATM business still had the potential to grow and expand, it was unlikely to become profitable in the near future. Given the immediate financial benefits that the sale of the ATM business would have for Olympia and the uncertain timelines to profitability, the ad hoc committee believed the sale of the ATM business to be in the best interest of Olympia. The ad hoc committee of the Board of Directors obtained a fairness comfort letter stating that the proposed transaction was fair to the disinterested shareholders of Olympia. In addition, following the public disclosure of the transaction, Olympia received an unsolicited expression of interest in the ATM business from a third party. Olympia permitted the third party to conduct a due diligence review and valuation of the ATM business and received an offer to purchase the ATM business from the third party that was economically comparable to the offer made by Tarman.

In conjunction with the sale of substantially all the assets of Olympia ATM Inc. to a related party in 2018, the purchase price was paid by the delivery of a secured demand promissory note ("the promissory note") for \$1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. Subject to Canadian Western Bank's ("CWB") consent (as discussed below), all interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year and, commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of \$140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023. As at June 30, 2020, the first installment of \$140,000 has been repaid together with all accrued interest.

In connection with the financing of the vault cash used by Tarman, Olympia agreed to postpone to CWB the receipt of all amounts owed to it by Tarman and is required to obtain CWB's consent prior to accepting any amounts from Tarman. Olympia has obtained the required consent. Olympia also agreed to subordinate to CWB all security interests granted to Olympia by Tarman.

Olympia has assessed the expected credit loss as it relates to the promissory note and has determined it to be nominal.

Forward foreign exchange contracts

Olympia purchases forward exchange contracts when its Currency and Global Payments division enters into a transaction to buy or sell foreign currency in the future. These contracts are both short term and long term in nature, are in the normal course of business, and are used to manage foreign exchange exposure. Forward foreign exchange contracts are not designated as hedges and they are recorded at fair market value through profit and loss.

Forward foreign exchange contracts are recorded on Olympia's balance sheet as either an asset or liability, with changes in fair value included in net earnings. This accounting treatment resulted in the recognition of a forward foreign exchange contract asset of \$3.66 million as at September 30, 2020, compared to \$4.02 million as at December 31, 2019, and a forward foreign exchange contract liability of \$0.93 million as at September 30, 2020, compared to \$1.54 million as at December 31, 2019. The movement in the derivative financial instruments asset and liability is mainly due to the fluctuation of the Canadian, United States dollar, and Japanese yen exchange rates, as the vast majority of the Currency and Global Payments division's trades are in Canadian, United States dollars, and Japanese yen. The number and size of outstanding forward foreign exchange contracts largely impacts the movement in the derivative financial instrument assets and liabilities, with the resultant change to fair value being recorded

Intangible assets

The capital additions of \$0.32 million relates to the continued development and enhancement of systems in Exempt Edge and the Registered Plans divisions' mobile application.

Current liabilities

The breakdown of Olympia's trade and other payables consists of trade and other payables (27%), government taxes (48%), amounts due to agents, clients and commission payable (13%) and amounts due to related parties (12%).

Other liabilities and charges consist of bonus accruals, deferred commissions and bonuses, professional fees payable, and employee benefits payable.



Brian, Olympia's Chairperson celebrating his birthday
RICK SKAUGE AND BRIAN NEWMAN

Deferred revenue

At September 30, 2020, deferred revenue totaled \$3.78 million compared to \$0.49 million as at December 31, 2019. This is comprised of annual fees received by the Private Health Service Plan division, the Corporate and Shareholder Services division and the Registered Plans division. The unearned portion of these annual fees is recognized as deferred revenue at the time of billing and revenue is recognized on a straight-line basis in relation to Olympia rendering these services.

Employee Share Ownership Plan (ESOP)

Olympia has established an Employee Share Ownership Plan ("ESOP"). Under this plan, Olympia contributes \$1 for each \$1 contributed by an employee up to a maximum that is based on the employee's earnings and years of service. The employee and Olympia's contributions are used to purchase common shares of Olympia through the facilities of the TSX. Olympia's contribution is included as an administrative expense in the statements of net earnings and comprehensive income and amounted to \$0.25 million for the nine months ended September 30, 2020 (September 30, 2019 – \$0.20 million).

Contingencies

Olympia is not a money lender, nor does it guarantee or participate in loans or mortgages of any type, except in its capacity as trustee of mortgages held on behalf of its clients.

Olympia is a defendant and plaintiff in a number of legal actions that arise in the normal course of business, the losses or gains from which, if any, are not anticipated to have a material effect on the consolidated financial statements.

Related party transactions

Refer to Note 26 of the interim financial statements for the period ended September 30, 2020, for disclosure on Olympia's related party transactions

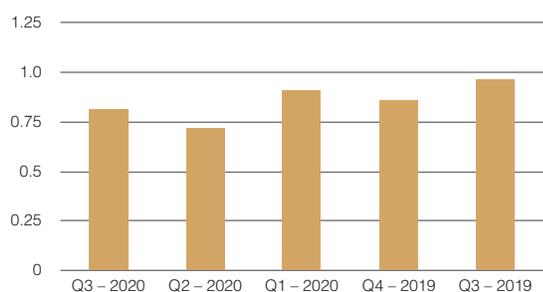
Shareholders' equity

As at September 30, 2020, Olympia had 2,406,336 outstanding shares (December 31, 2019 – 2,406,336), with a carrying value of \$7.89 million. In April 2019, Olympia repurchased fractional shares from former shareholders at \$50 per share. The repurchase was allocated to retained earnings.

Income taxes

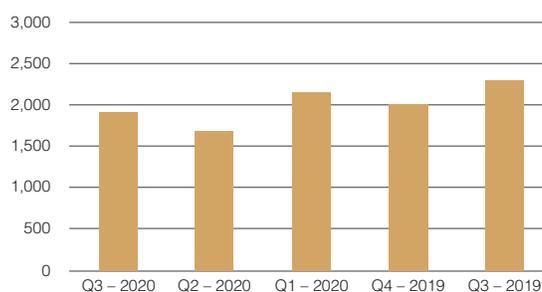
Deferred income tax assets are recognized for loss carry-forward and other deductible temporary differences to the extent that the realization of the related tax benefit is probable through future taxable profits or other tax planning opportunities. The average corporate rate used for the nine months ended September 30, 2020, was 24% (September 30, 2019 – 26.5%). On June 29, 2020, the Government of Alberta introduced Alberta's Recovery Plan which among other things reduced Alberta's general corporate income tax rate to 8% effective July 1, 2020.

EPS PER QUARTER (\$)



| | |
|-----------|-------------|
| Q3 - 2020 | 0.81 |
| Q2 - 2020 | 0.71 |
| Q1 - 2020 | 0.90 |
| Q4 - 2019 | 0.85 |
| Q3 - 2019 | 0.96 |

NET EARNINGS PER QUARTER (\$ 000)



| | |
|-----------|--------------|
| Q3 - 2020 | 1,917 |
| Q2 - 2020 | 1,676 |
| Q1 - 2020 | 2,143 |
| Q4 - 2019 | 1,998 |
| Q3 - 2019 | 2,294 |

ANALYSIS OF RESULTS BY SEGMENT

Registered Plans Division

Summary of divisional results for the three months ended September 30

| (\$ thousands) | 2020 | 2019 | Variation |
|-------------------------------|---------|---------|-----------|
| Service revenue | 4,443 | 4,780 | -7% |
| Interest revenue | 2,840 | 3,232 | -12% |
| Direct expenses | (29) | (29) | 0% |
| | 7,254 | 7,983 | -9% |
| Administrative expenses | (4,765) | (5,039) | -5% |
| Depreciation and amortization | (283) | (247) | 15% |
| Other gains, net | - | 46 | -100% |
| Earnings before income tax | 2,206 | 2,743 | -20% |
| Income taxes | (483) | (796) | -39% |
| Net earnings | 1,723 | 1,947 | -12% |

The Registered Plans division (“RRSP”) specializes in the administration of registered plan accounts, including RRSPs, RRIFs, LIRAs, LIFs and TFSAs. In contrast to traditional registered plan account administrators, Olympia’s focus is on exempt market securities and arm’s length mortgages. The holder of a registered plan account with Olympia will typically hold multiple exempt market securities or mortgages in their Olympia registered plan account.

RRSP’s service revenue decreased 7% to \$4.44 million from \$4.78 million when compared to the three months ended September 30, 2019. The decrease is a result of a decrease in the number of account transactions.

Interest revenue and trust income decreased 12% to \$2.84 million from \$3.23 million when compared to the three months ended September 30, 2019, due to decrease in the Canadian prime rate from 3.95% as at September 30, 2019 compared to 2.45% as at September 30, 2020.

Direct, administrative, depreciation and amortization expenses decreased 4% to \$5.08 million from \$5.31 million when compared to the three months ended September 30, 2019. This decrease is due to a decrease in bonuses, salaries and wages.

Earnings before income tax decreased 20% to \$2.21 million from \$2.74 million for the quarter ended September 30, 2019.

RRSP net earnings decreased 5% to \$1.72 million from \$1.95 million when compared to the quarter ended September 30, 2019.

RRSP is responsible for 64% of Olympia’s total revenue (including interest), a decrease from 66% when compared to the three months ended September 30, 2019.

Service revenue decreased to \$4.44 million from \$4.78 million

7% ▼

Interest revenue and trust income decreased to \$2.84 million from \$3.23 million

12% ▼

Direct, administrative, depreciation and amortization expenses decreased to \$5.08 million from \$5.31 million

4% ▼

Earnings before income tax decreased to \$2.21 million from \$2.74 million

20% ▼

RRSP’s net earnings decreased to \$1.72 million from \$1.95 million

12% ▼

ANALYSIS OF RESULTS BY SEGMENT

Private Health Services Plan Division

Summary of divisional results for the three months ended September 30

| (\$ thousands) | 2020 | 2019 | Variation |
|-------------------------------|-------|-------|-----------|
| Service revenue | 1,690 | 1,866 | -9% |
| Interest revenue | 29 | 82 | -65% |
| Direct expenses | (357) | (388) | -8% |
| | 1,362 | 1,560 | -13% |
| Administrative expenses | (875) | (962) | -9% |
| Depreciation and amortization | (41) | (38) | 8% |
| Other gains, net* | 174 | 14 | >100% |
| Earnings before income tax | 620 | 574 | 8% |
| Income taxes | (152) | (162) | -6% |
| Net earnings | 468 | 412 | 14% |

*Included in Other gains, net is \$0.17 million relating to the Canada Employment Wage Subsidy.

The Private Health Services Plan division (“Health”) markets, sells and administers health and wellness benefits to business owners through OBI, a wholly owned subsidiary of Olympia. Health’s current objectives are to improve sales, increase the value of their customer base, and advance technology infrastructure as part of its emphasis on growth through revenue expansion.

Health primarily serves professional and small corporations that are particularly vulnerable to the economic impacts of the COVID-19 pandemic. Client behaviors may change materially as a result of this challenging economic situation, including the reduction of services and the inability of clients to pay outstanding amounts.

Health’s service revenue decreased 9% to \$1.69 million from \$1.87 million when compared to the three months ended September 30, 2019, due to clients submitting fewer claims as a result of the COVID-19 pandemic. This has improved since Q2 2020, with claims volumes increasing.

Direct, administrative, depreciation and amortization expenses decreased 9% to \$1.27 million from \$1.39 million when compared to the three months ended September 30, 2019. The decrease is due to a decrease in direct costs, and commissions and bonuses.

Earnings before income tax increased 8% to \$0.62 million from \$0.57 million when compared to the three months ended September 30, 2019.

Health’s net earnings increased 14% to \$0.47 million from \$0.41 million when compared to the three months ended September 30, 2019.

Health is responsible for 15% of Olympia’s total revenue (including interest), a decrease from 16% when compared to the three months ended September 30, 2019.

Service revenue decreased to \$1.69 million from \$1.87 million

9% ▼

Direct, administrative, depreciation and amortization expenses decreased to \$1.27 million from \$1.39 million

9% ▼

Earnings before income tax increased to \$0.62 million from \$0.57 million

8% ▲

Health’s net earnings increased to \$0.47 million from \$0.41 million

14% ▲

ANALYSIS OF RESULTS BY SEGMENT

Currency and Global Payments Division

Summary of divisional results for the three months ended September 30

| (\$ thousands) | 2020 | 2019 | Variation |
|-------------------------------|---------|---------|-----------|
| Service revenue | 1,760 | 1,740 | 1% |
| Interest revenue | 7 | 80 | -91% |
| Direct expenses | (236) | (150) | 57% |
| | 1,531 | 1,670 | -8% |
| Administrative expenses | (1,457) | (1,652) | -12% |
| Depreciation and amortization | (77) | (101) | -24% |
| Other gains, net | 86 | 435 | -80% |
| Earnings before income tax | 83 | 352 | -76% |
| Income taxes | (18) | (105) | -83% |
| Net earnings | 65 | 247 | -74% |

The Currency and Global Payments division (“CGP”) allows corporations and private clients to buy and sell foreign currencies at competitive rates. The division offers its clients same-day transactions, as well as long-term forward contracts. With offices in Vancouver and Calgary, the CGP division is well situated to service Western Canada.

CGP’s service revenue increased 1% to \$1.76 million from \$1.74 million when compared to the three months ended September 30, 2019. This is relatively unchanged from the prior year due to a decrease in spot trade volume and transactions sizes as a result of the COVID-19 pandemic. Other gains, net, decreased 80% to \$0.09 million from \$0.44 million, mainly due to a decrease in foreign exchange forward contract gains.

Direct, administrative, depreciation and amortization expenses decreased 7% to \$1.77 million from \$1.90 million when compared to the three months ended September 30, 2019. The decrease is mainly due to a decrease in commission expense and salaries and wages.

Earnings before income tax decreased 76% to \$0.08 million from \$0.35 million when compared to the three months ended September 30, 2019.

CGP’s net earnings decreased 74% to \$0.07 million from \$0.25 million when compared to the three months ended September 30, 2019.

CGP is responsible for 16% of Olympia’s total revenue (including interest), an increase from 15% when compared to the three months ended September 30, 2019.

Service revenue increased to \$1.76 million from \$1.74 million **1%** ▲

Direct, administrative, depreciation and amortization expenses decreased to \$1.77 million from \$1.90 million **7%** ▼

Earnings before income tax decreased to \$0.08 million from \$0.35 million **76%** ▼

Net earnings decreased to \$0.07 million from \$0.25 million **74%** ▼

ANALYSIS OF RESULTS BY SEGMENT

Exempt Edge Division

Summary of divisional results for the three months ended September 30

| (\$ thousands) | 2020 | 2019 | Variation |
|--|-------|-------|-----------|
| Service revenue | 273 | 237 | 15% |
| Interest revenue | - | - | 0% |
| Direct expenses | (19) | (6) | >100% |
| | 254 | 231 | 10% |
| Administrative expenses | (380) | (333) | 14% |
| Depreciation and amortization | (65) | (21) | >100% |
| Other losses, net | - | (6) | -100% |
| Loss before income tax | (191) | (129) | 48% |
| Income taxes recovery | 35 | 31 | 13% |
| Net loss | (156) | (98) | 59% |
| Loss attributable to non-controlling interests | (31) | (20) | 59% |
| Loss attributable to shareholders of Olympia | (125) | (78) | 59% |

The Exempt Edge division (“EEI”) focuses on the provision of information technology services to exempt market dealers, registrants and issuers.

Service revenue increased 15% to \$0.27 million from \$0.23 million when compared to the three months ended September 30, 2019. This increase is largely due to growth in EEI’s client base. Excluded from service revenue are fees of \$20,375 for services provide by the EEI division to an external client. However these fees were invoiced and therefore included as service revenue in the Corporate and Shareholder Services division.

Direct, administrative, depreciation and amortization expenses increased 28% to \$0.46 million from \$0.36 million when compared to the three months ended September 30, 2019. This increase is mainly due to an increase in operating expenses such as salaries, computer consultants’ fees, and promotion costs.

Loss before income tax for the three months ended September 30, 2020, increased 48% to (\$0.19) million from (\$0.13) million when compared to the three months ended September 30, 2019.

EEI’s net loss attributable to shareholders of Olympia increased 59% to (\$0.12) million from (\$0.08) million when compared to the three months ended September 30, 2019.

Service revenue increased to \$0.27 million from \$0.23 million

15% ▲

Direct, administrative, depreciation and amortization expenses increased to \$0.46 million from \$0.36 million

28% ▲

Loss before income tax increased to (\$0.19) million from (\$0.13) million

48% ▲

EEI’s net loss attributable to shareholders increased to (\$0.12) million from (\$0.08) million

59% ▲

ANALYSIS OF RESULTS BY SEGMENT

Corporate and Shareholder Services Division

Summary of divisional results for the three months ended September 30

| (\$ thousands) | 2020 | 2019 | Variation |
|-------------------------------|-------|-------|-----------|
| Service revenue | 260* | 44 | >100% |
| Interest revenue | 15 | - | >100% |
| Direct expenses | (18) | - | >100% |
| | 257 | 44 | >100% |
| Administrative expenses | (474) | (315) | 50% |
| Depreciation and amortization | (9) | (9) | 0% |
| Loss before income tax | (226) | (280) | -19% |
| Income taxes recovery | 49 | 82 | -40% |
| Net loss | (177) | (198) | -11% |

*Included in service revenue are fees of \$20,375 for services provided by the EEI division but invoiced by the CSS division.

The Corporate and Shareholder Services division (“CSS”) provides transfer agent and registrar services to public and private issuers across Canada. CSS is positioned as an alternative to the large trust companies that are principally focused on Eastern Canada. The services provided by CSS include administering dividend reinvestment, acting as depository and disbursing agent for corporate reorganizations, assisting with shareholder solicitations, and scrutineering shareholder meetings. The CSS management team comprises highly respected and experienced individuals with a track record of success in the provision of transfer agency and corporate trust services.

Service revenue increased more than 100% to \$0.26 million from \$0.04 million, when compared to the three months ended September 30, 2019. This is due to the CSS division continuing to grow its customer base.

Direct, administrative, depreciation and amortization expenses increased 56% to \$0.50 million from \$0.32 million. This is mainly due to an increase in employee salaries, computer maintenance, consulting fees and depreciation and amortization.

Loss before income tax decreased 19% to (\$0.23) million from (\$0.28) million when compared to the three months ended September 30, 2019.

CSS's net loss decreased 11% to (\$0.18) million from (\$0.20) million when compared to the three months ended September 30, 2019.

Service revenue increased to \$0.26 million from \$0.04 million **100%** ▲

Direct, administrative, depreciation and amortization expenses increased to \$0.50 million from \$0.32 million **56%** ▲

Loss before income tax decreased to (\$0.23) million from (\$0.28) million **19%** ▼

CSS's net loss decreased to (\$0.18) million from (\$0.20) million **11%** ▼

ANALYSIS OF RESULTS BY SEGMENT

Corporate Division

Summary of divisional results for the three months ended September 30

| (\$ thousands) | 2020 | 2019 | Variation |
|-----------------------------------|------|------|-----------|
| Service revenue | 4 | 3 | 33% |
| Interest revenue | 7 | 29 | -76% |
| Direct expenses | - | - | 0% |
| | 11 | 32 | -66% |
| Administrative expenses | (13) | (24) | -46% |
| Depreciation and amortization | - | - | 0% |
| Other gains, net | 11 | - | >100% |
| (Loss)/earnings before income tax | 9 | 8 | 13% |
| Income taxes (expense)/recovery | (16) | (24) | >100% |
| Net (loss)/earnings | (7) | (16) | >100% |

The Corporate division carries out support functions in the areas of accounting, information technology, legal services, human resources, payroll and internal audit. Support function remuneration is allocated, based on usage, to the various divisions.

Total revenue earned is incidental to Olympia's activities.

Administrative, depreciation and amortization expenses for the three months ended September 30, 2020, decreased 50% to \$0.01 million from \$0.02 million when compared to the three months ended September 30, 2019.

The Corporate division's net loss was \$0.01 million for the three months ended September 30, 2020.

Off-balance sheet arrangements

During the normal course of operations, Olympia administers client assets that are not reported on its balance sheet. The cash

component of these off-balance sheet arrangements represents the cash and cash equivalents held in trust.

| (\$ thousands) | September 30, 2020 | | December 31, 2019 | |
|------------------------------------|--|--|--|--|
| | Cash & public securities at estimated fair value | Private securities, mortgages and mutual funds at cost | Cash & public securities at estimated fair value | Private securities, mortgages and mutual funds at cost |
| Registered Plans | \$ 611,697 ¹ | \$ 4,528,068 | \$ 599,171 ³ | \$ 4,380,533 |
| Private Health Services Plan | 12,015 | - | 11,462 | - |
| Corporate and Shareholder Services | 1,017,719 ² | - | 15,228 | - |
| Currency and Global Payments | 15,274 | - | 15,727 | - |
| | \$ 1,656,705 | \$ 4,528,068 | \$ 641,588 | \$ 4,380,533 |

¹ The cash portion included in Registered Plans is \$546.95 million.

² Included in the CSS securities is \$1.02 billion of treasury bills.

³ The cash portion included in registered Plans is \$569.60 million.

Management of capital resources

Olympia includes shareholders' equity, which comprises share capital, contributed surplus, non-controlling interest and retained earnings, in the definition of capital. Olympia's main objectives when managing its capital structure are to:

- Maintain sufficient cash and cash equivalents over the short and medium term in order to finance its growth and development, including capital expenditures;
- Maintain investor and creditor confidence to sustain future development of the business;
- Maintain regulatory capital for Olympia Trust as required by the *Loan and Trust Corporations Act* (Alberta) (\$2 million). Similar regulatory capital is required by legislation in Nova Scotia (\$5 million) and Saskatchewan (\$5 million). Regulatory capital is defined as share capital and retained earnings. Olympia Trust has maintained these minimum capital requirements throughout the nine months ended September 30, 2020; and
- Maintain compliance with financial covenants, which includes maintaining a minimum equity of \$12 million. The financial covenants are reviewed, and controls are in place to maintain compliance with the covenants. Olympia complied with its financial covenants for the nine months ended September 30, 2020.

In managing capital, Olympia estimates its future dividend payments and capital expenditures, which are compared to planned business growth for purposes of sustainability. The capital structure of Olympia is managed and adjusted to reflect changes in economic conditions. In order to maintain or adjust the capital structure, adjustments may be made to the amount of dividends (if any) to shareholders, in addition to the number of new common shares issued or common shares repurchased. Management reviews the financial position of Olympia on a monthly and cumulative basis.

Financing decisions are set based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining capital and the amount of operational cash required are weighed against the costs associated with excess cash, its terms and availability, whether to issue equity and the creation of value for the shareholders. Olympia works towards managing its capital objectives to the extent possible while facing the challenges of market conditions and the public's assessment of Olympia's risk profile.

Olympia maintains a strong capital base to maintain investor and creditor confidence and to sustain future development of the business.

Olympia has committed capital resources to its 2020 Objectives (set out previously) and has sufficient capital through internally generated cash flows and its credit facility to meet these spending objectives.



SARAH FOX, KATHERINE COLBURN-SWARTZ AND CORA DUMAIS

Completing and fulfilling its 2020 Objectives will help Olympia meet its growth and development activities. No other significant expenditure is required to maintain growth and development activities. Olympia's Currency and Global Payments division maintains various foreign currency bank accounts of which Canadian dollar and United States dollar bank accounts are the most significant. It is Olympia Trust's policy to limit the amount of foreign currencies on hand to \$1.50 million to reduce exposure to foreign currency risk.

Olympia's capital management objectives have remained substantially unchanged over the years presented.

Liquidity

Liquidity risk is the risk that Olympia will encounter difficulties in meeting its financial obligations. Olympia manages its liquidity risk by keeping surplus cash with a highly rated financial institution. This allows Olympia to earn interest on surplus cash while having access to it within a short time. Olympia seeks to ensure the security and liquidity of these investments.

Olympia has a current ratio (current assets: current liabilities) of 1.47:1 as at September 30, 2020, compared to 1.70:1 as at December 31, 2019. The decrease in Olympia's current ratio is mainly due to changes in global markets arising from the COVID-19 pandemic, which required Olympia to place further funds as collateral for the performance of Olympia's Currency and Global Payments division's trading platform obligations. Funds placed as collateral are considered to be restricted cash and investments (non-current assets) and is not readily

accessible for use in operations and is reported separately from cash and cash equivalents (current assets) on the balance sheet.

There are no legal or practical restrictions on the ability of subsidiaries to transfer cash to Olympia.

Cash flows

Operating activities

The movement in cash flow from operating activities for the nine months ended September 30, 2020, is mainly attributable to lower service revenues resulting from COVID-19, offset by lower Administrative expenses. Administrative expenses were higher in the prior year as a result of the cyber-attack.

Investing activities

The movement in cash used in investing activities during the nine months ended September 30, 2020, is mainly attributable to additional collateral requirements for the Currency and Global Payments division and capital asset expenditure in the Registered Plans and Exempt Edge divisions when compared to 2019.

Financing activities

Cash used in financing activities during the nine months ended September 30, 2020 increased mainly due to a reduction in the borrowing on the revolving line of credit. This primary driver of financing cash flows continues to be the dividends paid.



ANNE LOUISE BARTLETT, SHIANNA NEWMAN, BERNIECE WOOD AND GAIL WILLIAMS

Cash

Cash is placed with a Canadian financial institution where it generates interest. Cash and cash equivalents comprise 64% of the total current assets of Olympia, compared to 67% as at December 31, 2019.

One factor that affects Olympia's profitability is effective interest rates. Although Olympia Trust is a non-deposit taking trust corporation, it does earn trust income on cash held in trust. Cash held in trust generated trust income of \$9.25 million, a 3% increase from \$8.95 million when compared to the nine months ended September 30, 2019.

Olympia, through its operational cash flow and line of credit, has sufficient funds to meet its objectives for 2020.

Liquidity risks associated with financial instruments are addressed in the notes to the accompanying consolidated financial statements. Management understands that currency markets are volatile and therefore subject to higher risk. Olympia's CGP division mitigates currency risk through its policy of limiting the amount of foreign currencies on hand to \$1.50 million.

Credit facility

As at September 30, 2020, Olympia has drawn \$7.04 million on its credit facility, compared to \$6.66 million as at December 31, 2019. On March 15, 2019, Olympia increased the credit facility amount from \$8.50 million to \$15 million. Amounts drawn in the

current period have been used to facilitate the additional trading collateral requirements for the CGP division and to finance the growth of the Exempt Edge division. The credit facility provides a maximum of \$15 million and bears interest at the Canadian prime rate plus 0.25%. The Canadian prime rate at September 30, 2020 was 2.45% compared to December 31, 2019, of 3.95%. The credit facility is subject to review at any time.

The credit facility contains a number of affirmative covenants, including maintaining specific security, maintaining a specific financial ratio, and maintaining a total equity of \$12 million. The financial ratio is a quarterly cash flow coverage ratio of not less than 1.50:1. At September 30, 2020, Olympia's cash flow coverage ratio under the terms of the credit facility was calculated to be 1.69:1 (December 31, 2019 – 1.99:1). Total equity as at September 30, 2020 was \$18.68 million, compared to total equity of \$17.93 million at December 31, 2019.

The cash flow coverage calculation is based on Olympia's previous four quarters' revolving Earnings Before Interest, Tax, and Depreciation and Amortization ("EBITDA") less cash taxes paid. This revolving EBITDA for the twelve months ended September 30, 2020, has been calculated at \$9.42 million (December 31, 2019 – \$11.57 million) after adjusting for finance expenses of \$0.26 million (December 31, 2019 – \$0.47 million). The coverage required is based on an annualized average of the scheduled facility principal of \$15 million and interest payments calculated at 3.80% (September 30, 2019 – 5.09%) over a period of 36 months. As at September 30, 2020, this was calculated to

be \$5.57 million (September 30, 2019 – \$5.76 million). Should the covenants and other limitations be breached, it could cause a default, which might result in a requirement for immediate repayment of all amounts outstanding

Security for the credit facility includes a general security agreement providing a first security charge over all present and after acquired property.

During the period the credit facility was amended to divide the facility between Olympia and Olympia Trust. The new agreements

provides Olympia with a \$9 million facility and Olympia Trust with a \$6 million facility.

On May 16, 2016, Olympia Trust entered into a contingent credit facility to be used only by the CGP division. During the year ended December 31, 2019, the agreement has been replaced with a new demand credit facility with a US\$6 million limit.

As at September 30, 2020, no amounts have been drawn on this facility.

| Credit facility | September 30, 2020 | December 31, 2019 |
|---|---------------------------|--------------------------|
| Available balance at January 1 | \$ 15,000,000 | \$ 15,000,000 |
| Drawn | (7,039,785) | (6,655,347) |
| Available at the end of the period/year | \$ 7,960,215 | \$ 8,344,653 |

Risk framework

Olympia is exposed to various types of risks owing to the nature of the commercial activities it pursues. Management has identified the following risks:

- Liquidity risk
- Market risk
- Foreign currency exchange risk
- Interest rate risk
- Credit risk
- Capital risk management
- Operational risk (cyber security risk)

Refer to Note 6 of the interim financial statements for the nine months ended September 30, 2020, for disclosure on Olympia's above-mentioned risk framework.

Future accounting pronouncements

There are no new or amended accounting standards issued during the nine months ended September 30, 2020, that are applicable to Olympia in future periods.

Evaluation of disclosure controls and procedures and internal control over financial reporting

There have been no changes in Olympia's internal control over financial reporting that occurred during the interim period ended September 30, 2020, which have materially affected, or are reasonably likely to materially affect, Olympia's internal control over financial reporting. In response to the COVID-19 pandemic, several social distancing measures taken by Olympia and third parties are reasonably likely to impact the design and performance of internal controls at Olympia as such measures remain in place for an extended period of time. Olympia will continue to monitor and mitigate the risks associated with changes to its control environment in response to COVID-19.

Outstanding share data

As at November 13, 2020, Olympia has an aggregate of 2,406,336 common shares issued and outstanding.

Additional information

Further information regarding Olympia can be accessed under Olympia's public filings found at www.sedar.com.

Shareholders seeking to contact Olympia's independent directors may do so by calling Rick Skauge, Olympia's President and CEO, at 403-261-7501 or by email at ricks@olympiafinancial.com.



CORPORATE INFORMATION

Directors

Rick Skauge
Craig Skauge
Brenda Eprile²
Brian Newman^{1 2 3 4}
Diana Wolfe^{1 2 3 4}
Gerard Janssen^{1 2 3 4}
Tony Balasubramanian

Board Committees

¹ Audit Committee
² Corporate Governance Committee
³ Executive Compensation Committee
⁴ Investment Committee

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Chartered Professional Accountants
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THE EXECUTIVE TEAM



RICK SKAUGE

President and Chief Executive Officer



CRAIG SKAUGE

Executive Vice President and President, Olympia Trust Company
President, Exempt Edge Inc.



GERHARD BARNARD

Chief Financial Officer and Vice President, Finance



ROBIN FRY

Chief Executive Officer,
Olympia Benefits Inc.



KEN FRY

President, Olympia Benefits Inc.



NEIL MCCULLAGH

Vice President, Currency and Global Payments



ANDREA GILLIS

Vice President, Securities Registered Plans



KELLY REVOL

Vice President, Mortgages Registered Plans



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